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SAFETY PRODUCTS 24
ON A ONE-DEALER SHOW 32
PICK A FLOORPLAN LENDER 34

RV BUSINESS MAY/25 1987

Probe Closer To Recall

The National [illegible]affic Safety Administration (NHTSA) has moved its investigation of certain micro-minimotorhome manufacturers one step closer to a formal recall by upgrading its probe to a formal defects investigation.

The NHTSA action, which will also include a separate probe for possible violations of federal motor vehicle safety standards, only affects units made up through 1985 by specifically named manufacturers. The investigation does not include 1986 or 1987 models.

NHTSA's move comes on the heels of a February notice requesting a voluntary recall by micro-mini makers to correct possible defects associated with chassis overloading. NHTSA officials noted that the response to that notice was "very disappointing."

The NHTSA spokesman also indicated the agency was similarly disappointed by the response from RVIA. "The people from RVIA called us in and had us speak at their membership meetings last year because they were supposedly concerned about this continuing overloading problem. Now, after warning the manufacturers in those meetings that we would take action if they didn't respond, RVIA is expressing surprise that we are moving ahead," said the NHTSA source.

Noting that NHTSA officials have invested "a lot of time and effort on this issue," Jerry Loftus, RVIA general counsel, countered that he is not surprised that the agency is aggressively pursuing its investigation of micro-mini manufacturers. "We are very concerned, however," Loftus added, "at the way that NHTSA has chosen to proceed. They are lumping all manufacturers together and tarring everyone with the same brush."

As for what course of action RVIA might take, Loftus said: "We are going to wait and see exactly what NHTSA plans to do."

In its release NHTSA noted that it is also initiating a "related defects investigation into dual rear-wheel adaptor kits manufactured by Aerocraft" and that the agency is asking micro owners who have experienced wheel problems to call a toll-free "hotline" number.

Micro-mini builders are angered that the government has decided to continue its scrutiny of their segment of the industry. "We share the sentiments that it is unfair for NHTSA to be pur-

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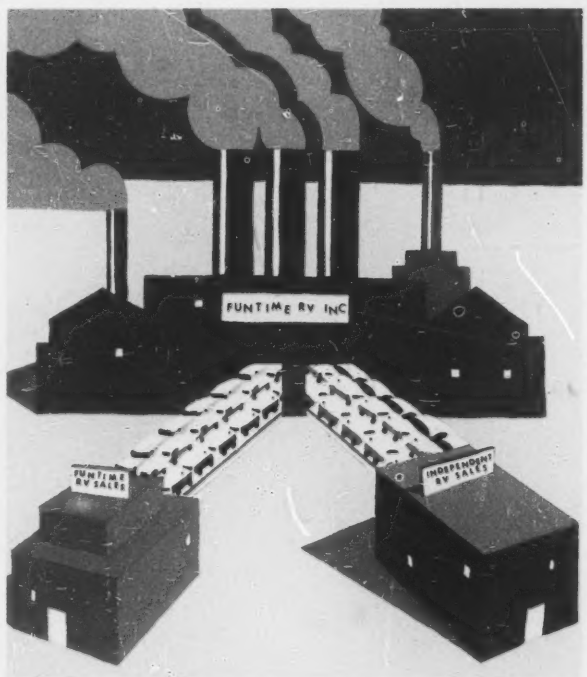

COMPANY STORES: Manufacturers discuss the advantages and problems of running their own retail outlets—and the reactions of dealers. See page 14.

Highway Agency Excludes RVers From Licensing

In response to an urgent request from RVIA, the Federal Highway Administration (FHWA) has confirmed that drivers of RVs are not subject to the licensing and other provisions of the Commercial Motor Vehicle Safety Act of 1986.

In an April letter to RVIA, R.P. Landis, FHWA associate administrator for motor carriers, noted: "A recreation vehicle ... which is not used in commerce and is operated solely as a family/personal conveyance for recreational purposes is not covered under the act."

Ed Conway, assistant general counsel for RVIA, said the clarification provided RVIA with the leverage it needed to convince a number of state motor-vehicle administrators that the new federal law requiring special licensing for truckers did not also include RVers. Some state licensing authorities were proceeding with stringent new requirements for RV drivers, under the assumption that failure to do so would jeopardize their federal highway funds, he explained.

However, Diane Farrell, RVIA vice president of government affairs, added, "Of course, this helps because it takes away at least one argument that some state administrators have been using, but it doesn't change the fact that we are probably going to be facing a tough state-by-state legislative battle." Δ—*Robert Longsdorf Jr.*

MAY 25, 1987 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 4

TABLE OF CONTENTS

RV BAROMETER

EPA Tests Show RV Engines at Risk From Unleaded Gas 5

Goodrich Named President of Honey RVs 7

Chassis Suppliers Foresee Strong '87 Sales 9

RV People 12
Promotions and awards; also featured: Gerald and Mary Jo Boman of Winnebago Industries Inc., Forest City, Iowa

Blue Chip Consensus 13
'87 economic growth rate stabilizes

FEATURES

Company Stores 14
Manufacturers discuss the pros and cons of becoming their own retailers—and the impact on dealers

Selling Safety Products 24
Dealers may be missing out on the profits to be made by promoting safety products, such as LP-gas detectors, backup video monitors, steering stabilizers, etc.

DEPARTMENTS

1988 Dealer of the Year Contest 10

Marketing Concepts 32
Arden Keller's Indian Valley Camping Center brightens January's gray days with a successful one-dealer show

Finance 34
How to select the right floorplanning lender

Calendar 43

In Brief 44
Brief news items covering RV companies and associations

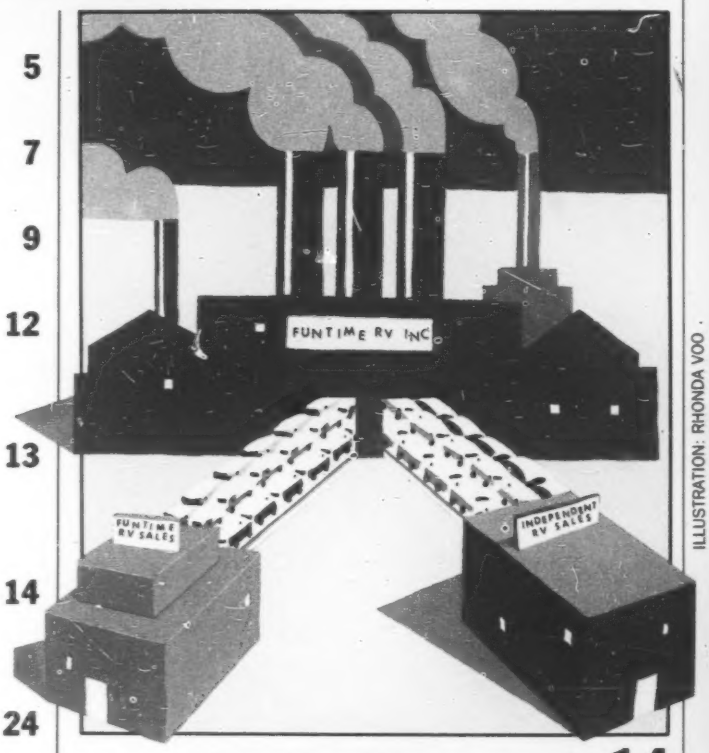

ILLUSTRATION: RHONDA VOO

14

24

Profitmakers 48

New Literature 52

Classified Advertising 53

Index to Advertisers 54

Readers' Forum 55

Commentary 56

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RV SAFETY: REASSURING INSURANCE DATA

Selling RV safety can also mean selling prospective RVers on the good safety record of the industry, particularly now that RV safety has become a matter of public debate as many states consider instituting special RV drivers' licensing requirements.

Unfortunately, the safety record of RV units has rarely been addressed in research or literature about the industry. Now, a research group from Illinois State University (ISU), Normal, Ill., has looked into the issue using 1985 motorhome claims data provided by four major insurance companies, including one firm that sells 20% of all auto and RV insurance in the United States.

The group's findings should be reassuring to RV dealers and consumers. Basically, accident and claim statistics show that, compared to automobile drivers, motorhome drivers are less likely to be involved in accidents or submit claims.

These findings back up those of the August 1986 Insurance Injury Report from the Highway Loss Data Institute (HLDI), Washington, D.C. The institute found that there were fewer insurance claims per 1,000 vehicles for larger cars than were submitted for smaller cars, and that vans, pickups and utility vehicles had better injury results than the average results for passenger cars. In general, the data showed that injury claim frequencies were closely related to vehicle size, with larger vehicles having lower claim frequencies.

The ISU research group decided to extend these facts to the motorhome segment of recreational vehicles by trying to prove that "Class A and Class C motorhomes, as a group, have fewer claims per 1,000 submitted than do station wagons."

Motorhomes were selected from among all RVs because they have their own policies, unlike travel trailers and other towables, which are covered by the policies of the tow vehicles. Station wagons, which the HLDI found to have one of the lowest claim frequencies of all passenger cars, were chosen for the comparison because if the hypothesis proved to be correct, it could then be reasoned that motorhomes, in general, were safer than automobiles.

The study compared claims data in five categories: 1) bodily injury; 2) collision; 3) comprehensive; 4) property damage; and 5) medical payment and personal-injury protection. A brief explanation of each of these categories follows:

Bodily-injury protection: medical payments for injuries to occupants of the other vehicle(s) involved in the accident.

Collision: damage to the insured vehicle in the accident.

Comprehensive: noncollision damage that occurs to insured vehicles. Examples are coverages for such acts as vandalism, theft, fire, glass breakage, etc.

Property damage: damage to the other vehicle(s) involved in the accident.

Medical-payment coverage: medical payments for injuries sustained by occupants of the insured vehicle.

Personal-injury protection: the same coverage as medical payment coverage, except that it replaces such coverage in some states and, thus, these two categories are combined for the study.

An analysis of the frequencies of the types of claims submitted revealed some interesting differences between motorhomes and station wagons. In fact, for every category of insurance, station wagons had a higher claims frequency than did motorhomes, except for comprehensive insurance. Motorhomes were higher in this category largely because they are more susceptible to theft claims and to fire—given the LP-gas system, the furnace, the appliances, etc., which are not included in passenger cars. *(See Figure 1.)*

The conclusion that can be drawn from Figure 1 is that motorhome drivers have a lower chance of being involved in an accident or of submitting an insurance claim. Some reasons for that finding might be: Motorhome drivers are more careful drivers; the size of the motorhome makes it more visible to other vehicle drivers; and motorhomes are driven fewer miles.

Figure 2 provides a graphic comparison of average dollars paid per claim for station wagons and motorhomes. Bodily injury and collision averages are higher for motorhomes since, due to motorhomes' sheer bulk, they tend to do more impact damage than station wagons. The comprehensive average is also higher because, as was stated earlier, motorhomes are more susceptible to fire and theft.

It is somewhat more surprising to find that the medical-payments coverage and personal-injury protection average are also higher for motorhomes than for station wagons. There are a few explanations that can be offered. There are generally more occupants in a motorhome; there are usually older occupants in a motorhomes; and seatbelts in the areas behind the front seats are less apt to be used.

The main conclusion to be drawn from Figure 2 seems to be that, when claims are submitted for motorhomes, they are higher, on the average, than those for station wagons. Δ

FIGURE 1

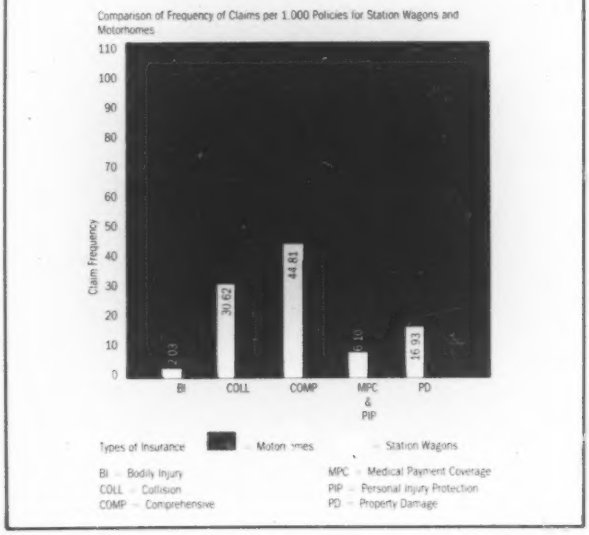
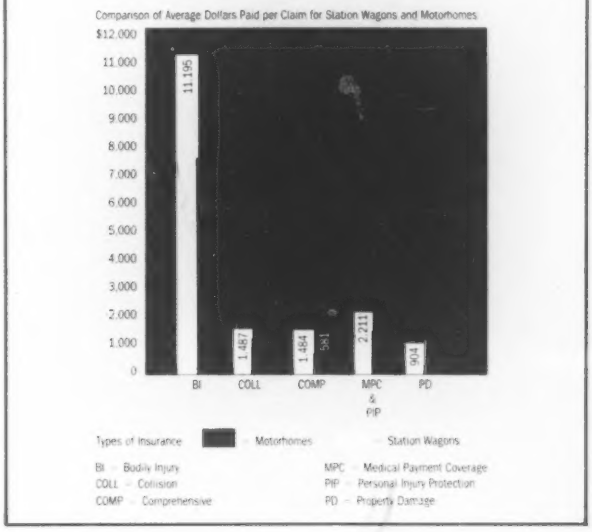


FIGURE 2



The above study was conducted by Robert Copeland, Joe D'Urso, Michael Harris and Jill Simons to fulfill the requirements of a marketing course at Illinois State University in the fall of 1986. The course is taught by James F. Brubeck, assistant professor of marketing and owner of the Tall Corn RV dealership in Carlock, Ill. The insurance companies that supplied the claims data also provided advice and assistance in setting up the study.